

# Pre Budget 2023 Proposals

General Workers' Union

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# Economic Note

## Introduction

Global economic growth has been severely impacted by the pandemic and to make matters worse by the War in Ukraine and the very recent dispute between China and US over Taiwan. As a result, global supply chains have been severely impacted and raw materials and basic consumer products have seen a dramatic rise in prices.

The government is to be complemented in no small measure for controlling to some extent the rise in prices by subsidizing the energy tariffs, the fuels at the pump, and to some extent basic food stuffs, such as grain, which have certainly contributed in controlling inflation and maintaining our competitive advantage over our main trading partners. However, one has still to acknowledge that the purchasing power especially of those in the vulnerable sector has severely been negatively impacted so much so that the increase in COLA is expected to be around Euro 9 / per week.

The main challenge for this budget is to ensure that the purchasing power is maintained, especially for those in the most vulnerable sectors, and at the same time maintaining a strong economic growth through competitiveness. If the country continues on this path the National Debt and Public Finances should remain in check. Suggestions to adopt a rigorous austerity measure or worse still to postpone capital projects (which are mostly EU funded) should be ignored.

## Strengthening Malta's economic Foundations

The General Workers' Union underlines that much has been done over the past 30 years by different administrations to strengthen Malta's economy by means of diversification, establishing the information and knowledge economy, investing in more IT infrastructure in our primary and secondary education so as to facilitate the educational reach for our students including sports education, installing a more a financial and fiscal culture starting from our primary students, strengthening further and higher education; introducing appropriate investment aid instruments, etc.

The current administration has continued to strengthen the economic foundations of the Maltese Islands. Of particular note is the fiscal prudence adopted in managing Malta's macro economy – which for the first time in a generation has resulted in a surplus in the government account. This prudence has helped during the last years of the pandemic and the war in Ukraine. The huge investments in our infrastructure, in efficient electricity provision and in renewables have improved the well-being of

our society. The GWU further believes that the impetus on clean energy should be strengthened through tax credits which incentive clear energy investments.

### Vision & Strategic Plan

Now more than ever the country needs a Vision and Strategic Plan (to implement this vision) for the next 10 to 15 years. The main objective is to give a sense of direction of where the country is heading, and how it is going to get there. This Vision and Strategic Plan should instil a culture of long-term planning which is seriously lacking in our country. This Vision and Strategic Plan should address all the economic sectors of our economy, health, education, transport, the wellbeing of society, the labour market and the environment amongst others. A government entity such as MIMCOL should be tasked with the drafting of this Vision and Strategic Plan which will then need to be approved by all social partners in the MCESD. MIMCOL should also be tasked with the maintaining and co-ordinating this plan with various ministries to ensure that it is being implemented. The annual budget exercise should serve as a tool to prioritise and allocate financial and non-financial resources for the implementation of this Vision and Strategic Plan.

### Tax Evasion & Compliance

The government should continue on the path of fighting tax evasion and should ensure that everyone pays his dues. Recent statistics have shown that over **Five Billion Euros** have still to be collected in Tax with over **Euro 400 million** from National Insurance. The policy that such defaulters are excluded from being awarded government contracts is to be maintained but more should be done to recover these funds with a more efficient process.

### Sustaining of Employment Levels

GWU looks forward to the sustaining of national employment levels particularly those related to working parents and other vulnerable people, including pensioners. The strengthening of our GDP depends on the ability to increase our labour productive capacity. All employment structural reforms introduced in recent years, particularly the free childcare centres, free school transport and other financial incentives to re-join the work force should remain a major objective by Government.

### National Investment rollout

The sustainability of our economy depends on maintaining strong economic investment levels so that the level of general investment is achieved and maintained. The creation of new investment levels requires more accessibility to general financing to our investment community. The GWU is therefore proposing less bureaucracies by our banking institutions, in line with modern corporate governance rules, for an efficient rollout of the country's excess liquidity to our economy. The modernisation of our financial laws in particular as necessitated

by the FATF action plan, requires the effort by all economic sectors to show Malta's ability to attract new investment. Malta's economic success in recent years depended on the ability by the private sector to look into Malta's economy with confidence in line with having a secured investment in a stable economy. Access of finance should also be improved by other national institutions particularly the Malta Development Bank and EU related departments. The country should encourage our local investors to come up with new innovative investment ideas. The latter institutions may contribute in financing innovative projects that may be viewed as a niche investment in themselves.

## The New Employment Policy 2021 – 2030

The GWU took active participation in the consultation process of the New Employment National Policy 2021 – 2030. Malta's economic recovery and future attractiveness, especially in the face of the changes happening at a global level, demand a workforce that is skilled and equipped, a business sector that is empowered to grow and invest, and an institutional framework that is responsive and robust.

The Government's vision for employment is based on the premise that work gives not just dignity, but personal enrichment and life satisfaction. It allows individuals to achieve their full potential and to aspire to achieve a higher standard of living through work. As Malta starts a new phase in its economic development the Government is taking a human-centric approach to work and the future of work to ensure that it truly supports individuals and society at large. This vision is very aligned with the GWU values and vision.

We believe that this policy needs to start being implemented and there is also an important fundamental need, for all stakeholders to come together so that we can oversee and drive the implementation of this new policy. Part of the employment strategy dictates that a national competencies skills audit is carried out so that a long-term coordinated and sustained human resource development programme is carried out in order to provide the economy with the right quality skills for the right jobs at the right time.

## Digitalisation and Globalisation

Digitalisation and globalisation have sparked radical shifts in how we live and work. The coronavirus (COVID-19) crisis has accelerated these beyond anything we could have imagined. These changes raise essential questions about the precarity of our jobs, the support available if we're unable to work or retire, the skills we need for current and future jobs, the quality of those jobs, and what can we do to shape the outcome.

Digitalisation is impacting the world of work and jobs. New jobs are being created and others become obsolete. Are those who are being affected by digitalisation getting the re-skilling and re-training needed to fill in the new jobs created? Helping people successfully navigate the changing world of work means helping them acquire the right skills for new jobs and new tasks. People will need to learn not only at early age but throughout their lives. Governments and firms alike will need to explore ways to help them achieve this.

Whether a person has a good quality job or not has a profound impact on their well-being. Job quality is determined by wages, stability, and working conditions. New labour regulations can help ensure non-standard jobs are good quality jobs. Collective bargaining coverage can play an important role as well.

Although past attempts have partially been successful there should continue to be attempts for targeted or sectorial clusters to allow enterprise and industry to benefit from shared costs, increased economies of scale, etc.

## Energy Prices

Subsidies are intended to protect consumers by keeping prices low. The General Workers' Union applauds to no small measure the current policy adopted by the government of not increasing energy, fuel and cereal prices. Latest inflation statistics issued by the National Statistics Office show that water, electricity, gas and fuels, are not contributing to the inflation rise.

Government's priority should remain keeping energy prices for consumers including businesses, stable. This policy, while expensive is fundamental to cultivate economic growth and fight further inflation.

## Green Economy

The green economy is distinguishable from traditional economic models in that it considers natural and ecological capital and related services as having an economic sustainable value. Greening the economy is seen as an opportune mechanism that contributes to long-term prosperity, and short-term costs are likely to be compensated by multiple potential benefits in terms of increased competitiveness, jobs, improvement of security of resource supply, including energy and raw materials, inclusiveness, health, and well-being. Numerous international studies carried out point towards the increased resilience that is built into the economy when it embraces green concepts and technologies.

The Government should accelerate investment in sustainable energy infrastructure and the creation of green jobs, as well as meeting the UN Sustainable Development

Goals, in particular SDG 7, to ensure access to affordable, reliable, sustainable and modern energy for all.

## New World of Work

### Working Conditions

The GWU believe that the dignity of the person is lived out in society by the fulfilment of personal responsibilities. Work is one such essential responsibility which shapes and fulfils human dignity by providing for the needs of oneself and one's family. Work belongs to the vocation of every person. In order to create a fairer world of work, the GWU is proposing the following:

### Gig Economy – Platform Workers' Legislation

These type of employment relationships – the gig economy - is non-standard work facilitated by online platforms which use digital technologies to 'intermediate' between individual suppliers (platform workers) and buyers of labour/services. Platform work has rapidly developed since it first emerged in the EU, though concerns have been raised about the working conditions of platform work and the risk of precariousness it entails. Platform work has, therefore, been identified as a policy priority by European policy-makers.

There is an urgent need for a new national legislation to cover and protect platform workers. All of us have witnessed the exponentially increase of delivery persons – a new modern-day slavery. These people cannot even be called workers as they are not covered by any employment contract or labour legislation, and this is the new form of precarious employment. They enjoy no protection and are not guaranteed even the basic protection and benefits as per labour legislation. Most of them are only paid a commission on every delivery. We are proposing either a new legislation or the current legislation is amended to give these people the status of workers so they can start benefiting from basic conditions. In addition if they are recognised as employees they can be protected from any abuse.

### Legal Framework of Telework, Remote Work & Right to Disconnect

There is no legislative framework to cover remote hubs and telework is covered by the Telework National Standard Order. S.L. 452.104. which is very basic. We believe that it is the opportune time to update the current telework legislation and introduce new legislation to cover remote working to cater for the new world of work.



A separate legislation for the right to disconnect needs to be enacted to cover all aspects of working time and family life.

## Labour Legislation

We are proposing the revision and updating of the main current employment and industrial relations law to cater for an ever-changing economy. We are also proposing:

- Wage regulation orders.
- The abolishment of all zero-hour contracts.
- The introduction of new legislation to name and shame employers that abuse employees.

## Mental Health & Mental Health First aiders.

For many of us, work is a major part of our lives. It is where we spend much of our time, where we get our income and often where we make our friends. Having a fulfilling job can be good for our mental health and general wellbeing. All of us have times when life gets on top of us – sometimes that's work-related, sometimes it's our health, our relationships, or private circumstances. It is important that employers take care of the well-being of all employees by addressing mental health at work for those who are facing difficult times or are at risk. We believe in workplaces where everyone can thrive. We also believe in the role of employers, employees, and trade unions in creating thriving workplaces.

Every year several employees experience mental illness. Many people are not knowledgeable or confident to help. Physical first aid is legally obliged in our workplaces; however, most do not cover mental health problems. Mental Health First Aid (MHFA) teaches people the skills to help someone who they're concerned about. Good mental health at work and good management go hand in hand and there is strong evidence that workplaces with high levels of mental wellbeing are more productive. When we enjoy good mental health, we have a sense of purpose and direction, the energy to do the things we want to do, and the ability to deal with the challenges that happen in our lives.

Awareness of mental health is increasing, but we still face a world where people with mental health problems face discrimination and can face challenges getting the help they need. Many people who experience stress try to keep their feelings hidden because they are afraid of other people's responses. Fear of discrimination and feelings of shame are among the top reasons people give for not telling their colleagues about their mental health problems. The GWU is proposing that a new

legislation/regulation is enacted to make it compulsory to have a mental health first aider in every workplace.

### Continues Personal Development.

Another facade that we need to address is training, up-skilling, re-skilling, and lifelong learning. The economy is still growing and creating new jobs. Consequently, human development is a must to fill these jobs. We need to create synergies between the formal/informal education institutions, the future industries and trade unions. It is imperative the input of trade unions in the formation of these new forms of work. Therefore, it is equally important the continues social dialogue on development skills and a national vocational education strategy. Adult learning and continues personal development must become part of our culture. National policies, as well as actions needs to be initiated and consolidated to create a culture of continues learning and development society.

### Capping on overtime rate

In the last budget the Government introduced a new tax rate on overtime income, at 15% on the first €10,000 for employees whose basic annual pay does not exceed €20,000. The GWU is proposing that the capping of 10,000 is eliminated and the rate of 15% is fixed on all overtime income.

### The Cost-of-Living Adjustment (COLA).

Many of those involved in the industrial relations scene admit that the interests of both sides can rarely be completely reconciled, but they also stress that the aspiration of a successful partnership arrangement between a union and an employer is to develop a spirit of mutual trust within which justifiable compromises can be made through negotiation and bargaining.

A clear example of production coalition, on a national level in Malta was the 'Cost of Living Adjustment Agreement (COLA)' which was reached in December 1990 between the Federation of Industry, Confederation of Maltese Unions and the General Workers' Union. The COLA is calculated on the basis of a twelve-month moving average inflation rate as at September multiplied by the base wage, where the official index of inflation is the Retail Price Index. The base wage represents a wage level agreed upon in 1990 and which has since then been augmented annually by the COLA. The cost-of-living adjustment compensate all employees and pensioners for inflation. Competitiveness is not impacted.

Departing from this agreement apart from the legal aspect would mean bring back unrest and industrial action back to the forefront once again. Each year, depending on the amount, either trade unions or employers complain about the amount but both

sides believe in the mechanism and the independent board that oversee the workings.

The average COLA increase since 2010 is €2.88 including the additional €2 given to all employees in 2018, 2019 meaning that the competitive advantage was preserved. In addition, according to the latest statistics issued by Eurostat show that the "Real Unit Labour Cost" is predicted to decrease this year and next year. If real unit labour cost decreases, then productivity is rising. If it increases productivity is falling. Between 2001 and 2016, productivity increased slightly. In 2017 it increased by 1.7%. However, it declined in 2018 and 2019. This year and next year it is predicted that the real labour unit cost will decrease by 2.5% in 2022 and 3% in 2023.

Furthermore, when performing collective bargaining both sides provide clauses to cover, collective agreement increases, and the cost-of-living adjustment. Collective bargaining provides for a structured dialogue that incentivises productivity and efficiency while at the same time increase employee's compensation and benefits.

As such the GWU will resist such change and proposal. Of course, as always, we are ready for any type of social dialogue to improve the mechanism. Obviously, government needs to make sure that all employers abide by the agreement and take legal action on those who does not compensate employees the whole COLA.

### Collective Agreement Increase inclusive of COLA

All Collective Agreements cover the financial structures and yearly increases. Specific clauses indicate if the collective agreement increase is inclusive or excludes COLA. Most agreements in the private sector states that the CA increase is in addition to the COLA. The Agreements covering the public administration and various public sector entities stipulate that the increase is inclusive of COLA. Since the cost-of-living adjustment is mandatory and in the eventuality that the increase in the agreement is less than the cost-of-living adjustment, pay must be increased by an additional amount to make up the difference.

### Equal Pay for work of Equal Value

Equal pay for equal work should apply for subcontracted employees. While the Public Administration is currently paying the same basic pay for equal work and double rate for work on Sunday, these employees are not paid the same benefits and are not entitled to all increments as public officers. In the private sector the situation is even worse as sub-contractor employees are only paid the minimum wage unless they are organised with a trade union, and they are covered by a collective agreement. The GWU has been advocating on this issue for a very long time. As such we strongly believe that a new legislation is enacted to ensure that the equal pay for job of equal value principal encompasses all employees within the same working

organisation performing the same jobs. this measure will further eradicate precarious employment and reduce further the number of working poor.

If we truly want to create careers and not jobs, then employers must be incentivised to employee directly with them instead of making use of sub-contracting employees. While Malta is experiencing full employment in addition to around 60 thousand foreign workers, most jobs are being created through the sub-contracting. This is depriving them from participating in the success of the particular workplace and not being covered by collective bargaining.

### Capping of sub-contracting employees.

In the private sector, the majority of vacancies are being filled by sub-contracting employees. In every working organisations, you will find more then four employers – a subcontracting company provide cleaning, clerical, security, operational services. The economy is still recovering but we must ensure that everyone can recover and no one recovers at the expense of others. These sub-contracting employees are not being paid the same and they don't enjoy the same working conditions. As such if we really want to create careers and not just jobs we must ensure that every employee can develop his/her full potential. We are proposing that the Government should legislate that only 20% of the workforce in every organisation should be outsourced.

### Work-life Balance

While we welcome the new legislation on the work-life balance, we cannot accept the payment for the parental leave and the non-payment of the careers leave. The legislation states that the payment must be attractive enough to attract the take up of the leave. During the discussion we always proposed the Nordic model and full payment for every employee.

In view of the current economic scenario, we are proposing that the payment is increased gradually to full pay for all benefits.

### Flexible Working arrangements.

In a fast-paced new world of work, every employee is finding it very hard to reconcile his/her work and his/her family commitment. We are proposing a more flexible working arrangements as long as the flexibility still respect the Working time Directive. We are proposing were possible, and there is an agreement between employers and employees (trade unions) the option to work 40-hour week spread over 4 days. This will give an extra day off to the employee. We are also proposing that those in a 24-hour operation spread over seven days, their employees may have

a choice to work 10 hours either from Monday to Thursday or else from Friday to Sunday. Those working from Friday to Sunday will work for thirty hours and get paid for 40 hours (10 hours on Sunday translates to 40 hours of pay).

### **Mandatory Trade Union Membership of your choice.**

For the past two years, the GWU have been advocating in favour of obligatory trade union membership for employees. We strongly believed in this when we introduced this issue for discussion and the pandemic and recent events have strengthened our resolve. This is an opportune moment to discuss and implement this measure to tackle abuse.

During the pandemic we had first-hand experience of how organised employees in a trade union were treated and those who were not. Many a time we read about the abuse of workers in various workplace. Many a time we heard about both Maltese and foreign workers being deprived of their basic working rights.

The proposal we put forward gives the opportunity to every worker in Malta to be involved in a trade union of his choice. Those against our proposal always cited the issue of freedom of association and claim it breaches the European Charter of Human Rights and our Constitution. When we argued about the thousands of employees who are denied the right of association, they could not respond back. When we asked what their proposals are to eradicate abuse at the workplace, they could not respond back. This is the opportune time for such a proposal. Our main argument is that every worker should be a member of a union to avoid being exploited and abused. As such we urge the government to expediate the consultation process.

### **Regularisation of Work Permits**

The GWU is proposing a revamp of the single work permit system that truly serves the permit holders. Many a times we faced third country nationals who lost their right to work due to technical error or due to lack of proper documentation. On most occasions it was not the employee's fault. In it is to be pointed out that once the working permit is rejected or refused, the holder must leave the island immediately. If the employee does not have the necessary funds, then he/she will start working in the shadow economy. During the course of the last couple of years, we have witnessed hundreds if not thousands of third country nationals working in the informal economy, paid less than the minimum allowed by law, deprived of basic health and safety standards, living in humiliating and squalid conditions, and constantly abused.

Apart from the revamp, the GWU is proposing that the Government launches a scheme applicable to all those third country nationals who entered Malta legally and became illegal to regularize their position. This scheme can be monitored by social

partners, national authorities, and private employers in need of human resources. This coordinated effort can help eradicate abuse and precarious employment, regularizing employment, increase the revenue for the employees and the state.

## Products Price Comparison Websites

The free market is an economic system based on supply and demand with little or no government control. In a free market economy, the government cannot dictate or control the price. Prices for goods and service can fluctuate depend on the demand. Higher prices for goods and services contribute to higher inflation. Price comparison websites and applications can help to decrease prices and consequently inflation. These websites/applications are becoming more and more popular. The data and values provide by the price comparison sites helps consumers to save money and make it easy to buy the cheapest possible. The ability to check the price of products brings convenience and saves a lot of time and money. Price comparison is done when the price of the same product is compared in different outlets. Every supermarket operates online shopping sites. As such a particular product has different prices on every different shopping site. Prices can also be provided by the National Statistics Authority. Hence, we are proposing the Government introduces financial incentives for the creation of websites and applications that provide products prices comparison to help consumers and fight inflation. This can also cater for restaurants as well.

## The Living Income

The GWU believes that every citizen should have a decent income that guarantees a decent living. If we all believe in this human principal, then as a society, we have an obligation to introduce the concept of living Income. In our opinion, the living income is the minimum level of income required for a family or individual in Malta to live a decent and dignified life without the risk of poverty. In our opinion, the quality of life does not only include money, but also free time that allows one to enjoy their personal life and time with family.

We would like to emphasise that our idea of Living Income goes beyond the Living Wage (the wage level needed in order to live a decent and dignified life), because the living income includes other types of income such as pensions and social benefits.

We are proposing that first we need to define what is the living income and secondly establish the amount needed for different types of families and individuals to have a decent living. When we refer to living income, we are referring to a total framework that includes all the remuneration, social benefits, pension, education, and health among others. The notion is to establish that minimum income level at which a family

or individuals in Malta would live a decent and dignified life without the risk of falling into poverty.

## A Just and Fair Society

The GWU is of the opinion that our obligation goes beyond ensuring a social system that safeguards current generations. Our social system has also to be protected, secured, and sustainable for tomorrow's generation. This means that our social system must evolve to address new social issues as they emerge, introduce technologies which allow for effective, economic, efficiency provision of the service whilst improving the citizens' quality of life and rationalise what already exists to address new priorities. It is unfortunate that at times our main political parties hold back from adopting measures that are not popular with the electorate, but which are important to safeguard the social wellbeing of today's and future generations. In our political milieu, such meaningful change demands bi-partisan consensus and open dialogue with social partners. It is now important that this bi-partisan and social partners consensus is replicated onto the social sector.

The future of work requires a strong and responsive social protection system based on the principles of solidarity and risk sharing, which supports people's needs over their life cycle. This calls for a social protection floor that affords a basic level of protection to everyone in need, complemented by contributory social insurance schemes that provide increased levels of protection. The GWU recommends establishing a widespread collaboration approach to make sure that our social system remain sustainable and in doing so ensures the sustainability.

## The Second COLA mechanism

The GWU is in favour of the second COLA mechanism for the most vulnerable. The cost of living is a reality that everybody is witnessing and effects the purchasing power of all. Indeed, the most impacted are those vulnerable groups in our society like pensioners. This mechanism is intended to protect the families that are most vulnerable to inflation. We consider this to be a priority for the next Government. The GWU already took an active part in the consultation process and also put forward further suggestions to be considered. We believe that Government should implement this measure immediately as these vulnerable groups are currently facing the hardest situation.



## Low Wage Commission

In 2017, the National Agreement on Minimum Wage was signed by the Government, the Opposition and Social Partners represented at the MCESD. The agreement stipulates the setting up of a Low Wage Commission to establish a mechanism effective to determine whether the minimum wage needs to be reviewed. The first recommendations are due in 2023 and as such the General Workers' Union is proposing that the commission starts its work immediately and meet more frequently to carry out the study and put forward its recommendations to the Government.

## Pensions

The GWU is pleased to note that this administration re-energised the reforms to the pension system to secure its sustainability, adequacy, and solidarity. There is no doubt that under this administration measures have been taken to render the system sustainable while constantly increased both contributory and non-contributory pensions.

Still, our society need to safeguard and protect the most vulnerable that is pensioners. As such we are proposing an increase in contributory and non-contributory pensions and supplements to help the most vulnerable.

Apart from increasing pensions, we are also proposing the increase of all social benefits to help them have a decent life.

## Third Pillar and Voluntary Occupational Pensions

Another incentive in the Government policy is also focused on diversifying retirement income and reducing dependency on state pensions. In 2015, the Government launched the Voluntary Third Pillar Pension Scheme, referred to as the Personal Retirement Scheme (LN 468 of 2014).

This scheme is supplemented by another scheme, namely the Individual Savings Account (LN 469 of 2014). The qualifying personal retirement scheme must be registered under the Special Funds Regulation Act.

In the Budget for 2017, the Government announced a measure intended to incentivise the take-up of voluntary occupational pensions. The Voluntary Occupational Pension Scheme Rules, which was introduced by virtue of Legal Notice 228 of 2017, provides tax credits to both employees and employers (including self-occupied persons) with the aim to incentivise an occupational pension system in Malta.

In the Budget for 2021, the Government announced further fiscal incentives for private pensions. The fiscal incentives are on the amount of annual financial investment upon



which a tax exemption applies are increased by a further €1,000 bringing the tax-exempt value up to €3,000 per year.

In 2015, the Strategy Group recommended that during the 2020 Strategic Review it should carry out an in-depth review on the performance of the scheme. In the event that the review shows that voluntary pensions would not have delivered as planned, it should strategically assess the introduction of Mandatory Opt In Voluntary Opt Out framework, which would see the employer responsible for managing the administration aspects of the scheme and the government responsible for the fiscal incentive. This has been partly accomplished as the government increased fiscal incentives multiple time.

The GWU always argued in favour of the third pillar pension as a way forward and strongly believes that the next step is the automatic enrolment with an opt out in private pension schemes to supplement the income of pensioners. This will enhance the well-being and decent living of our pensioners. Wherever automatic enrolment with opt out option was introduced, statistics show that there was an increase of employees contributing to their private pension funds.

## Sustainability

The GWU is aware that a large number of employers do not pass the social security contributions to the Department for Social Security. It is worrying that a substantial amount of social security contributions is yet to be collected and it appears that no reference is made to the method and way forward to affect the collection of what is due without any more undue delays.

.Although we found no new official data, the amount reportedly is about 400 million Euros. This is completely unacceptable as it is a state of play that can jeopardises the viability of the social system. This cannot be tolerated, and action must be taken to recover these funds. Any sustainability measures that need to implemented will be ineffective if what is due is not collected. The collected funds can further be distributed and increase all pensions. This can be easily described of misappropriation of fund.

The GWU posits that the current revenue collection and sanction mechanisms is reviewed and reinforced as appropriate, and employers held accountable so that past social security contribution dues are collected, and future behaviour regulated.

## Active Aging and Pensioners

The government has for some time been promoting a policy of active Aging. Yet obstacles still remain for persons wishing to remain in employment after they reach

the retirement age of 61. Both the GWU and the Malta Chamber have submitted concrete proposals in this regard (to attach proposal as an appendix). The main benefits of our proposal is to encourage more Maltese persons to remain in employment after they reach the retirement age of 61, thus contributing more to the economy and at the same time these employees will avoid falling into the most vulnerable sector of society due to a very low pension. Another benefit would be that employers would require less foreign workers with the added problems on the environment and health services that are linked with the more foreign workers coming to our country.

The GWU insists that the process initiated during the last budget for current pensioners to receive the full cost of living adjustment is accelerated so they can enjoy the same level of pension as those reaching pensionable age now. We also insist on the need to adjust the maximum pension workings to provide for the last fifteen (15) years of the National Insurance contributions paid by those born before 1961.

Pensioners residing in old people's home pay around 70% of their pension to cover expenses. Also, when they received their COLA, this is deducted to the same proportionate. We are proposing that there are no deductions to the Cost-of-Living Adjustment.

The difference in Pension rates based on year of birth is to be abolished, and the maximum-pensionable income be increased for all pensioners, irrespective if born before or after 1962 as established in the pension reform of 2005

The GWU is further proposing an increase in the human resources in the Department of Social Security to continuously align present pensions with new collective agreements salary structures.

## Disability

This administration has re-energised the disability sector introducing and implementing measures ranging from new accommodation for independent supported living, de-coupling the disability pension from the income earned from employment, the 2% disabled person employment threshold enforced, the LN for setting up of Trusts by parents of disabled children, the removal of any means testing and the increase in assistance for severe disability. More however needs to be done to help the most vulnerable in our society As such the GWU recommends the setting up of Independent Support Living Fund that would be financed by Government

through the National Development and Social Fund (NDSF) - which establishes that 70% of IIP contributions are to be used "in the public interest inter alia for ... social purposes ..." – and co-financed by parents. The purpose of the Fund would be that of providing supported living environment and support to disabled persons.

## Research and Innovation

Over the past 10 years much has been done to build an innovation infrastructure. The fact, however, is that the local grants made available to spur local innovation continues to remain too small for the level of innovation that should be spurred. Government must seek to significantly increase local funding for research and innovation through the National Development and Social Fund.

## Vocational Education and Training

Young people will need help in navigating the increasingly difficult school to work transition. Older workers will need expanded choices that enable them to remain economically active for as long as they choose and that will create a lifelong active society. All workers will need support through the increasing number of labour market transitions over the course of their lives.

The GWU is proposing the re-establishment of Vocational and Training Institutions. This proposal is not just based to address early school leavers and the lack of skilled workers but also because trade schools can support the transitions to a green and digital economy in times of demographic change. Vocational Education Institution can play a crucial role in increasing skills and improve employability, youth employability and adults in need of continuous up- and reskilling. VET can benefit from the increased use of digital tools and digitisation systems. A national strategy on vocational education can play a central role of VET in the lifelong learning continuum and its strong links to all education and training sectors.

Workplaces, social partners and vocational institutes can work together to define the working methods, types of standard operating activities and map better and tailor-made courses to help youths achieve their full potential while increasing skills competences. By reintroducing Trade Schools, students with different educational aptitude can reach their full potential in their working lives besides having a highly skilled workforce. We are sure that a well-structured vocational national strategy can help young people entering the labour market and equally important help adults in need of continuous up-skilling and re-skilling. The National strategy must be flexible to understand the skills challenges, offer fast reskilling programmes and linking to future economic strategies and innovation systems. Additionally, the strategy can

invest in business incubators, support start-ups and technology diffusion in particular for small and medium-sized enterprises (SMEs).